

Message Text

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PAGE 01 STATE 164734
ORIGIN COME-00

INFO OCT-01 EUR-12 NEA-11 ISO-00 SSO-00 NSCE-00 ICAE-00
INRE-00 SP-02 AID-05 EB-08 TRSE-00 SS-15 STR-07
OMB-01 CEA-01 CIAE-00 FRB-03 INR-10 NSAE-00
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-----075187 282219Z /61

O R 282126Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY LONDON IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY TEL AVIV

C O N F I D E N T I A L STATE 164734

E.O. 11652: GDS

TAGS: ETRD, UK

SUBJECT: ARAB BOYCOTT: TRADE IMPACT ON US ANTI-BOYCOTT
LEGISLATION

REF: A) LONDON 10001 B) STATE 124709

1. MR. DAN HALPERIN OF ISRAELI MINISTRY OF FINANCE TESTI-
FIED JUNE 21 BEFORE THE HOUSE OF LORDS SELECT COMMITTEE
ON FOREIGN BOYCOTTS. ACCORDING TO REPORTS OF
HALPERIN'S TESTIMONY, HE WAS AUTHORIZED BY SENIOR DEPUTY
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PAGE 02 STATE 164734

ASSISTANT SECRETARY STANLEY MARCUSS OF THE COMMERCE
DEPARTMENT TO SAY THAT THE USG FOUND NO REASON TO BELIEVE
US-ARAB TRADE HAS BEEN HARMED BY US ANTI-BOYCOTT MEASURES.
LONDON 10001 INDICATES THAT HALPERIN TESTIFIED
THAT MARCUSS TOLD HIM THAT QTE NOT ONLY NO LOSS OF
BUSINESS WAS REPORTED, BUT NOT EVEN LOSS OF (I WOULD SAY)
POTENTIAL BUSINESS UNQUOTE.

2. IF THE REPORTS ARE TRUE, HALPERIN'S STATEMENTS ARE INACCURATE. MARCUSS AND HALPERIN DISCUSSED THE ISSUE OF TRADE IMPACT DURING A MEETING IN MARCUSS' OFFICE JUNE 16. ACCORDING TO THE RECOLLECTIONS OF THOSE DEPARTMENT OF COMMERCE OFFICIALS PRESENT AT THE MEETING, MARCUSS MADE THE FOLLOWING POINTS:

(A) DIRE PREDICTIONS ONE YEAR AGO THAT PASSAGE OF THE EXPORT ADMINISTRATION AMENDMENTS (EAA) WOULD SEVERELY DAMAGE US-ARAB TRADE HAVE NOT COME TRUE.

(B) ON THE CONTRARY, SINCE THE PASSAGE OF THE EAA LAST JUNE THERE HAS BEEN AN AGGREGATE INCREASE IN US EXPORTS TO THE MIDDLE EAST.

(C) THE DEPARTMENT OF COMMERCE IS AWARE OF NUMEROUS CASES WHERE US COMPANIES HAVE BEEN SUCCESSFUL IN SECURING RELAXATION OR REMOVAL OF BOYCOTT CONDITIONS IN TRANS-ACTIONS WITH OR IN BOYCOTTING COUNTRIES.

(D) SOME BOYCOTTING COUNTRIES ARE MODIFYING THEIR BOYCOTT LAWS TO ACCOMMODATE THE EAA.

(E) IT IS STILL PREMATURE TO ASSESS THE EAA'S ULTIMATE TRADE IMPACT, ALTHOUGH PRESENT SIGNS ARE REASSURING.
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PAGE 03 STATE 164734

3. HALPERIN'S TESTIMONY BEFORE THE SELECT COMMITTEE INVOLVES APPARENT OVERSTATEMENTS, ESPECIALLY WITH RESPECT TO US COMPANIES' LOSS OF POTENTIAL BUSINESS.

4. AT ITS DISCRETION, EMBASSY IS AUTHORIZED TO MAKE FOREGOING INFORMATION PROVIDED BY US DEPARTMENT OF COMMERCE AVAILABLE TO SELECT COMMITTEE. VANCE

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Message Attributes

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Disposition Remarks:
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